

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

ALEXANDRIA DIVISION

UNITED STATES OF AMERICA,)	Criminal No. _____
)	
)	
v.)	Counts 1-6: 18 U.S.C. §1344
)	(Bank Fraud)
)	
KENNETH KWANGHO PAIK,)	
)	
Defendant)	

INDICTMENT
July 2002 Term At Alexandria

Count 1
(Bank Fraud)

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

I. INTRODUCTION

1. The defendant, KENNETH KWANGHO PAIK, was a principal of Rockville Motors in Rockville, Maryland. Rockville Motors was an automobile retailer located in Rockville, Maryland.

2. Seung Il Kim was a South Korean national, who made periodic visits to the United States, including a one year visit from August 1997 until July 1998.

3. Business Bank was a financial institution whose accounts were insured by the Federal Deposit Insurance Corporation, with branch offices in Fairfax County, Virginia, within the Eastern District of Virginia.

4. Community Bank of Northern Virginia was a financial institution whose accounts were insured by the Federal Deposit Insurance Corporation, with an office in McLean, Virginia, within the Eastern District of Virginia.

5. First Virginia Bank was a financial institution whose accounts were insured by the Federal Deposit Insurance Corporation, with a main office in Falls Church, Virginia, within the Eastern District of Virginia.

6. United Bank was a financial institution whose accounts were insured by the Federal Deposit Insurance Corporation, with an office in McLean, Virginia, within the Eastern District of Virginia.

II. THE SCHEME AND ARTIFICE TO DEFRAUD

7. On or about March 1999, in the Eastern District of Virginia and elsewhere, the defendant, KENNETH KWANGHO PAIK, devised and intended to devise a scheme and artifice to defraud Business Bank, Community Bank of Northern Virginia, First Virginia Bank, and United Bank and to obtain money and credits owned by and under their custody and control of these financial institutions by means of materially false and fraudulent pretenses and representations.

8. It was part of the scheme and artifice to defraud that the defendant, KENNETH KWANGHO PAIK, would and did obtain loans for the purchase of the same automobile from Business Bank,

Community Bank of Northern Virginia, First Virginia Bank, and United Bank by fraudulently assuming the identity of Seung Il Kim.

9. In order to impersonate Seung Il Kim, it was a further part of the scheme and artifice to defraud that the defendant, KENNETH KWANGHO PAIK, would and did secure a Virginia driver's license containing his own picture but with the name and identifying information of Seung Il Kim.

10. In order to obtain credit approval, it was a further part of the scheme and artifice to defraud that the defendant, KENNETH KWANGHO PAIK, would and did submit to the above referenced financial institutions phony employment, income data, addresses, and phone numbers for Seung Il Kim.

11. In order to enrich himself with the proceeds of the fraudulent automobile loans, it was a further part of the scheme and artifice to defraud for the defendant, KENNETH KWANGHO PAIK, (i) to create a fictitious seller of the automobiles, known as "Auto City Buying Service" or "Auto City Buying Agency," (ii) to open an account at NationsBank in the name of "Auto City Buying Agency," and (iii) to deposit the fraudulently obtained loan checks into the "Auto City" account and to later withdraw the funds.

III. THE EXECUTION OF THE SCHEME AND ARTIFICE TO DEFRAUD
(Business Bank)

12. On or about March 12, 1999, in the Eastern District of Virginia and elsewhere, the defendant

KENNETH KWANGHO PAIK

did knowingly execute and attempt to execute the aforesaid scheme and artifice to defraud Business Bank and to obtain money and credits, owned by and under the custody and control of Business Bank, by means of materially false and fraudulent pretenses and representations in that the defendant caused Business Bank to issue a check in the amount of \$17,000 to "Seung I. Kim and Auto City."

(In violation of Title 18, United States Code, Section 1344).

Count 2
(Bank Fraud: Community Bank of Northern Virginia)

1. Paragraphs 1 through 11 of Count One are hereby realleged and incorporated by reference as though set forth in full herein, as constituting and describing defendant's scheme and artifice to defraud and to obtain money and credits under materially false and fraudulent pretenses and representations.

2. On or about March 12, 1999, in the Eastern District of Virginia and elsewhere, the defendant

KENNETH KWANGHO PAIK

did knowingly execute and attempt to execute the aforesaid scheme and artifice to defraud the Community Bank of Northern Virginia and to obtain money and credits, owned by and under the custody and control of the Community Bank of Northern Virginia, by means of materially false and fraudulent pretenses and representations in that the defendant caused the Community Bank of Northern Virginia to issue a check in the amount of \$17,500 to "Seung I. Kim and Auto City."

(In violation of Title 18, United States Code, Section 1344).

Count 3
(Bank Fraud: First Virginia Bank)

1. Paragraphs 1 through 11 of Count One are hereby realleged and incorporated by reference as though set forth in full herein, as constituting and describing defendant's scheme and artifice to defraud and to obtain money and credits under materially false and fraudulent pretenses and representations.

2. On or about March 12, 1999, in the Eastern District of Virginia and elsewhere, the defendant

KENNETH KWANGHO PAIK

did knowingly execute and attempt to execute the aforesaid scheme and artifice to defraud First Virginia Bank and to obtain money and credits, owned by and under the custody and control of First Virginia Bank, by means of materially false and fraudulent pretenses and representations in that the defendant caused First Virginia Bank to issue a check in the amount of \$17,556 to "Seung I. Kim and Auto City."

(In violation of Title 18, United States Code, Section 1344).

Count 4
(Bank Fraud: United Bank)

1. Paragraphs 1 through 11 of Count One are hereby realleged and incorporated by reference as though set forth in full herein, as constituting and describing defendant's scheme and artifice to defraud and to obtain money and credits under materially false and fraudulent pretenses and representations.

2. On or about March 10, 1999, in the Eastern District of Virginia and elsewhere, the defendant

KENNETH KWANGHO PAIK

did knowingly execute and attempt to execute the aforesaid scheme and artifice to defraud United Bank and to obtain money and credits, owned by and under the custody and control of United Bank, by means of materially false and fraudulent pretenses and representations in that the defendant caused United Bank to issue a check in the amount of \$16,500 to "Auto City and Seung I. Kim." (In violation of Title 18, United States Code, Section 1344).

Count 5
(Bank Fraud: NationsBank)

1. Paragraphs 1 and 2 of Count One are hereby realleged and incorporated by reference as though set forth in full herein.

2. NationsBank was a financial institution, owned by Bank America Corporation, whose accounts were insured by the Federal Deposit Insurance Corporation, with an office in McLean, Virginia, within the Eastern District of Virginia. NationsBank today is known as Bank of America.

3. In March 1999, the defendant, KENNETH KWANGHO PAIK, opened two accounts in the name of "Seung I. Kim": one account at Branch Banking & Trust ("BB&T"), the other account at NationsBank.

4. On or about May 27, 1999, in the Eastern District of Virginia and elsewhere, the defendant

KENNETH KWANGHO PAIK

did knowingly execute and attempt to execute a scheme and artifice to defraud NationsBank in that the defendant (i) created a temporary, artificially inflated balance in the NationsBank Seung I. Kim account, by depositing into that account two worthless checks drawn on the Seung I. Kim account at BB&T, in the total amount of \$12,765, and (ii) quickly withdrew \$12,000 from the NationsBank account, before NationsBank realized that the deposited checks were worthless, thereby causing a loss to NationsBank of \$11,815.

(In violation of Title 18, United States Code, Section 1344).

Count 6
(Bank Fraud: NationsBank)

1. Paragraph 1 of Count One and paragraph 2 of Count Five are hereby realleged and incorporated as though set forth in full herein.

2. On or about May 28, 1999, in the Eastern District of Virginia, the defendant

KENNETH KWANGHO PAIK

knowingly executed and attempted to execute a scheme and artifice to defraud NationsBank and to obtain money and credits, by means of materially false and fraudulent pretenses, representations, and promises, in that the defendant, using the name and social security number of a prior Rockville Motors customer, without that customer's permission, (i) applied for and obtained a \$15,000 automobile loan at NationsBank, for an automobile that the customer had already purchased, and (ii) negotiated the \$15,000 check after forging the customer's signature.

(In violation of Title 18, United States Code, Section 1344).

A TRUE BILL:

F O R E M A N

Paul J. McNulty
United States Attorney

Stephen P. Learned
Assistant U. S. Attorney

Justin W. Williams
Assistant U. S. Attorney
Chief, Criminal Division

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